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ABSTRACT

School-based budgeting decentralizes fiscal decisions and is usually adopted as part of a comprehensive school-based management plan. The practice requires cooperation, particularly from the school board, superintendent, and principals. The purpose of school-based budgeting is not to reduce costs but to improve school productivity by altering authority relationships within the district. (MLF)

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# School-Based Budgeting

*by David Peterson*

School-based budgeting decentralizes fiscal decisions by putting them in the hands of principals and, often, teachers and community members. The practice is not for every school district. It requires substantial time, training, and cooperative participation, but it can also bring significant benefits in staff involvement and community support.

### What Are the Advantages of School-Based Budgeting?

School-based budgeting (SBB) is usually adopted as part of a comprehensive school-based management plan. The purpose of SBB is not to reduce costs but to improve school productivity by altering authority relationships within the district, say Wohlstetter and Buffett (forthcoming), who studied the implementation of SBB in Chicago, Dade County (Florida), Detroit, Edmonton (Canada), and Los Angeles. As one participant in the reform said, what "really sells" school-based budgeting is that "decisions are made closest to the student" (Spear 1983).

SBB offers many people a greater sense of participation in and ownership of public education. Principals get an opportunity to develop fiscal and managerial skills. Participating teachers, support staff, parents, and students may gain a greater stake in the broader educational system. Since these people reap the benefits of fiscal efficiency, they usually become more sensitive to cost-cutting measures ranging from better use of staff time to turning off lights in vacant classrooms. Parents and other community members who participate in their schools' budget decisions often become more sensitive to the link between district levies and school services.

Teachers, principals, and parents in Albuquerque, New Mexico, high schools cited several concrete benefits after a pilot year of SBB: extra money for supplies, custodial overtime, more effective staffing, added professional leave time for teachers, and more telephone lines (Robinson 1987).

### What Are Some Possible Pitfalls of School-Based Budgeting?

Moving budgeting decisions from the central office to the schools is no panacea. Indeed, the weight of high expectations may doom otherwise sound projects, particularly if participants are not prepared to invest a lot of time in the process. One high school parent, for example, remarked in a survey that the system "has been somewhat helpful, but at a tremendous cost in manpower" (Robinson). Other respondents complained of unclear guidelines and poor communications. SBB may compound existing problems if it is not effectively planned and implemented.

"The actual benefits of school-site budgeting," notes Kehoe (1986), "will depend to a great extent on the level of trust between the principal and teachers." Principals may resist pressure to share the budgeting process with teachers, and principals and teachers alike may work against a system that ties funding to the achievement of measurable objectives or engenders favoritism or conflict.

Calvert (1989) argues that SBB suffers from being "principal-based budgeting." He asserts that principals are often unprepared for extensive duties, may hide their failures, are not answerable to the electorate, and seldom share their power with teachers or community members—attributes that are counterproductive to decentralized authority. He cites a Canadian survey that found that 78 percent of teachers in a school-based management system believed that principals dominated the process.

Calvert also points out that SBB can lead to anomalies in a district's schools. He uses the example of the Langley School District of Canada, where five elementary schools decided to have no librarian. Average per student library budgets for the district ranged from $4.37 to $21.75.

### What Role Can the Central Office Play in SBB?

The central office retains substantial authority within the schools under many SBB programs. Central-office administrators may continue to control expenditures on items such as maintenance and supplies to ensure uniformity of quality throughout the district or to achieve economies of scale (Candoli 1991, Honeyman and Jensen 1988). Central-office administrators commonly exercise control over staff salaries, which are ordinarily set at the district level.

Lausberg (1990) argues that district administrators may need to ensure that schools do not neglect critical, low-profile services such as library maintenance. Schools may also be tempted to buy inexpensive equipment that is costly or difficult to maintain. Lausberg recommends that central-office staff compile a list of high-quality products from which schools be required to purchase.

For all these reasons, fiscal experts in the central office remain



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important under SBB. They continue to determine how much money each school will get, a process complicated by the presence of more costly programs such as special and vocational education. They may provide principals with technical assistance in accounting and comparative cost analyses while encouraging them to be sensitive to the district's larger needs, and they remain responsible for monitoring schools' expenses and purchases.

### How Are Decisions Made under SBB?

There is no single system of SBB. Honeyman and Jensen present three options for allocating decision-making responsibility: the principal acting alone; the principal sharing power with select administrators and department heads; and a more broadly representative committee making decisions. Larger, more democratic committees require substantial time and cooperation from their members, but they often promote a broad sense of participation and accountability, two strong advantages of SBB. For instance, principals in the Prince William County, Virginia, school district must submit to and discuss budget plans with an advisory committee of teachers, parents, and sometimes students, though only the superintendent and director of school-based management can insist on changes (Neal 1989).

Although SBB delegates decision-making authority to school-based personnel, the scope of authority is unequal. For instance, school-based personnel in Los Angeles have relatively little fiscal power; they control spending on only instructional supplies and substitute teachers, a tiny fraction of the budget. In Edmonton, however, they control about 80 percent of expenditures, including teacher salaries (Wohlstetter and Buffett).

Some districts allow schools to hire staff as they see fit, within parameters set by the law and collective bargaining agreements. Hence, schools may be tempted to hire inexperienced or part-time teachers to lower staff costs. Other districts, wary of such practices affecting the quality of their teaching staffs, allow schools to hire teachers on an average-cost basis. Under this system, schools pay the district a flat, predetermined rate for each teacher, regardless of the teacher's actual salary (Wohlstetter and Buffett).

Schools participating in SBB typically get to keep their surpluses. These retained monies become discretionary funds. Chicago schools have used such monies to hire an average of two additional educational-support staff annually (Wohlstetter and Buffett).

### How Can School-Based Budgeting Be Implemented?

School-based budgeting requires cooperation, particularly from the school board, superintendent, and principals. Neal argues that a certain amount of disagreement should be expected in the early stages of implementation, and that particular care must be taken with collective bargaining agreements and central-office administrators whose roles are shifting. Yet he urges administrators to be assertive about the new system and to insist that it be supported.

Training is a critical component of successful SBB. Teachers will need to be prepared to submit detailed requests and justifications for monies and to sit on advisory or decision-making committees. Principals require particularly extensive training to fulfill their new responsibilities.

Kehoe recommends two to three years' preparation before implementing SBB: the first for reviewing options, the second for training, and the third for beginning the new system. The Prince William County district started by hiring a consultant and then established a twelve-person task force composed of administrators (Neal).

Like more centralized systems, SBB often requires adjustments during the year. Candoli urges schools to be scrupulously honest and open about these adjustments. Indeed, principals, teachers, and others who participate in SBB are less apt to blame central-office administrators for negative fiscal developments. If properly done, the reform can make the school budget everyone's responsibility.

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